



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**FILED**

Order Instituting Investigation to Consider Policies to Achieve the Commission's Conservation Objectives for Class A Water Utilities.

Investigation 02-01-08-022  
(Filed January 11, 2007)

In the Matter of the Application of Golden State Water Company (U 133 E) for Authority to Implement Changes in Ratesetting Mechanisms and Reallocation of Rates.

Application 06-09-006  
(Filed September 6, 2006)

Application of California Water Service Company (U 60 W), a California Corporation, requesting an order from the California Public Utilities Commission Authorizing Applicant to Establish a Water Revenue Balancing Account, a Conservation Memorandum Account, and Implement Increasing Block Rates.

Application 06-10-026  
(Filed October 23, 2006)

Application of Park Water Company (U 314 W) for Authority to Implement a Water Revenue Adjustment Mechanism, Increasing Block Rate Design and a Conservation Memorandum Account.

Application 06-11-009  
(Filed November 20, 2006)

Application of Suburban Water Systems (U 339 W) for Authorization to Implement a Low Income Assistance Program, an Increasing Block Rate Design, and a Water Revenue Adjustment Mechanism.

Application 06-11-010  
(Filed November 22, 2006)

Application of San Jose Water Company U 168 W) for an Order Approving its Proposal to Implement the Objectives of the Water Action Plan.

Application 07-03-019  
(Filed March 19, 2007)

**REPLY COMMENTS ON PROPOSED DECISION OF ALJ GRAU  
BY CALIFORNIA WATER SERVICE COMPANY  
(U-60-W)**

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Dated February 11, 2008

## **REPLY COMMENTS OF CALIFORNIA WATER SERVICE COMPANY ON THE PROPOSED DECISION OF ALJ GRAU**

Pursuant to the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), California Water Service Company (“Cal Water”) hereby submits its reply comments on the Proposed Decision of ALJ Grau (“PD”), Opinion Resolving Phase 1A Settlement Agreements and Contested Issues Order Instituting Investigation (I.) 07-01-022 (Conservation OII).

### **I. INTRODUCTION**

Cal Water, The Utility Reform Network (“TURN”) and the Division of Ratepayer Advocates (“DRA”) (“Settlement Parties”) filed an Amended Settlement Agreement in I.07-01-022 on June 15, 2007 (“Amended Settlement”). The Amended Settlement proposes a conservation rate design, Water Revenue Adjustment Mechanism (“WRAM”), which fully decouples sales and revenues, and a Modified Cost Balancing Account (“MCBA”). ALJ Grau issued a Proposed Decision on January 15, 2008 entitled “Opinion Resolving Phase 1A Settlement Agreements and Contested Issues” (“PD”). Comments on the PD were filed by Cal Water, the Consumer Federation of California (CFC), DRA, Park Water Company, Suburban Water Systems, and “Joint Consumers” (TURN, National Consumer Law Center, Disability Rights Advocates, and Latino Issues Forum). Cal Water supports DRA’s comments on calculations of surcharges and surcredits. Cal Water disputes comments of Joint Consumers and CFC.

### **II. CUSTOMER CLASS SPECIFIC DATA**

In reference to the Comments of the DRA, Cal Water agrees with DRA that WRAM/MCBA surcharges and surcredits should be calculated and imposed equally across all customers.<sup>1</sup> As to precedent, this method is currently used by the Commission for the current water cost balancing accounts. Additionally, Cal Water does not oppose reporting customer sales data by customer class. Cal Water was initially concerned that

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<sup>1</sup> DRA comments, page 5.

DRA's comments, page 3, the third paragraph, could be considered contrary to the Amended Settlement. However, after discussion with DRA, Cal Water is confident that DRA's reply comments will appropriately clarify that DRA's position is consistent with the Amended Settlement.

### **III. DATA, OUTREACH & EDUCATION**

Cal Water has proposed a detailed approach on customer outreach and education.<sup>2</sup> The Joint Consumers have not offered any new facts or evidence to support rejection of the PD's findings on customer outreach, customer education and data collection. Rather, as discussed below, Joint Consumers reiterate their arguments and embellish with unsupported claims. Below is Cal Water's reply to Joint Consumers' comments.

In briefs, comments, and testimony Cal Water has clearly addressed its consumer outreach and education and the PD has appropriately considered the facts presented.<sup>3</sup> Additionally, the PD has correctly weighed the cost and benefits of a temporary measure in comparison to the long term solution of a call center. Furthermore, in the districts with high Spanish speaking customers Cal Water has local Spanish speaking representatives.<sup>4</sup> Joint Consumers' comments reargue the issue of flyers and newspapers in Spanish, there are no legal or factual errors in the PD regarding this issue. Cal Water has indicated that it does not have experience with flyers or newspapers as an effective means to communicate with its customers.<sup>5</sup>

Also, the PD does not err on arrearages and disconnect information; rather it adopts a compromise between the Joint Consumers and Cal Water position by requiring tracking and reporting of disconnects before and after conservation rates.<sup>6</sup> The record clearly shows that Joint Consumers have not provided any evidence as to the financial hardship

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<sup>2</sup> Cal Water opening brief, pages 17 and 18 and Cal Water reply brief at page 10.

<sup>3</sup> See Cal Water opening brief, pages 16 to 19 and Cal Water reply brief, pages 9 through 12.

<sup>4</sup> Cal Water opening brief, page 10.

<sup>5</sup> Cal Water opening brief, page 11.

<sup>6</sup> Joint Consumers asked for detailed monthly information on disconnects and arrearages, Cal Water indicated that this information was not needed.

on low income consumers.<sup>7</sup> Again, Joint Consumers reargue their position, and have not presented any factual, legal, or technical error. Joint Consumers recommend considerable changes to Ordering Paragraph 7, but the record does not include any factual data regarding Cal Water's ability to comply with many of the recommended changes or the cost of complying with the recommended changes. Furthermore, Joint Consumers do not provide a reference in the record to support their statement that they "...believe there is additional data Cal Water could provide with a minimal resource investment."<sup>8</sup>

#### **IV. CFC COMMENTS**

CFC's comments reargue many issues that CFC's attorney, and self proclaimed water rate design expert, raised during the hearings. Unfortunately, little has changed from the start of the proceeding. CFC was unwilling to work cooperatively with the other parties in developing reasonable water conservation rates to implement the Water Action Plan conservation objectives. Now, having been unsuccessful in controlling how the proceeding would be structured and in having its recommendations adopted in the PD, CFC's comments can be characterized as little more than a diatribe, criticizing the PD, the ALJ, and the Parties. As such, CFC's comments should be given no consideration.

Moreover, CFC's comments and findings of fact contain incorrect statements, distort the record, and ignore relevant facts. For example, CFC's Finding of Fact #17 is in error. Cal Water has indicated that its weather adjustment is based on filings with the Commission.<sup>9</sup> Also, Finding of Fact #18 ignores Cal Water's discussion in its Application 06-10-026 concerning non-residential rates and the discussion in D.06-08-011, which cites DRA's and Cal Water's difficulties in developing non-residential increasing block rates. CFC's Finding of Fact #21 is also in error. Since Cal Water's initial comments contradict CFC's Finding of Fact #21, CFC's finding should read: "CFC believes that the Settlement fails to create any significant financial incentive for ... non-residential customers".

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<sup>7</sup> Cal Water opening brief, page 12.

<sup>8</sup> Joint Consumer comments, page 12

<sup>9</sup> Exhibit 17, page 38.

The CFC proposed conclusions regarding Cal Water and the Amended Settlement should not be adopted.

## **V. CONCLUSION**

Cal Water recommends that the findings and proposals of CFC and the Joint Consumers concerning Cal Water and or the Amended Settlement be rejected by the Commission. The parties have not identified error, but have reargued their positions. Cal Water supports DRA's clarification of DRA's page 5, paragraph 3 comments in DRA's reply comments regarding reporting sales data by customer class.

Dated February 11, 2008

Respectfully Submitted,

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## **CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY THAT I HAVE THIS DAY SERVED COPIES OF CALIFORNIA WATER SERVICE COMPANY'S REPLY COMMENTS ON THE PROPOSED DECISION OF ALJ GRAU**

by using the following service:

[ X ] **E-Mail Service:** sending the entire document as an attachment to all known parties of record who provided electronic mail addresses.

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Executed on **February 11, 2008** at San Francisco, California.

/s/ Thomas F. Smegal

Thomas F. Smegal

## **NOTICE**

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address and/or e-mail address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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